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MEMORANDUM FOR: Economic Defense Intelligence Committee

FROM : Acting Executive Secretary, EDIC

SUBJECT : Sino-Soviet Bloc Imports and Attempted Procurement
of Metallic Mercury in 1955.

The attached intelligence summary, prepared by CIA, is
circulated for the information of EDIC members.

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Acting Executive Secretary

Attachment:
Sino-Soviet Bloc Imports and Attempted
Procurement of Metallic Mercury in 1955.

Distribution:
Cat. B (1-12, 14), M/NF
C (1-3)
D (All)
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SINO-SOVIET BLOC IMPORTS AND ATTEMPTED PROCUREMENT OF
METALLIC MERCURY IN 1955

I. Imports

Imports of mercury by the Sino-Soviet Bloc during 1955 totaled at least 8,673 flasks and are estimated to have increased the availability of mercury to the Bloc by approximately 20 per cent.

Although the majority of the Satellite countries imported mercury from the Free World during the years 1954 and 1955, there were no known imports from the Free World by the USSR or China during this period. It is not improbable that these two countries currently have a sufficient quantity of mercury for normal peacetime needs, in view of the reconstruction after World War II of the Nikitovka mine located in the Ukraine, the development and expansion in Western Siberia and Central Asia, and the organization and expansion of the industry in Communist China.

The only sizable increase in 1955 Bloc imports of mercury was made by Poland. Reports indicate that shipments to Poland, both licensed and unlicensed, increased approximately two-fold from 1954 to 1955. Since there are more than 3,000 known industrial uses for mercury, many of which are highly strategic, the reason for this increase is somewhat uncertain. (The metal is widely used in industrial and control instruments; in electrical apparatus; as a catalytic agent for chlorine and caustic soda production; as a detonator for explosives; in electrical equipment such as vapor lamps, rectifiers, and oscillators; switches and dry cell batteries for communications equipment; mercury-vapor power plants; precision die casting; and in agriculture, including insecticides, fungicides, and bactericides.)

The substantial increase in Polish imports of mercury may be due to the recent developments in Poland's chemical industry. The 17 February 1956 issue of The Chemical Trade Journal and Chemical Engineering, London, reported that three large brine electrolysis plants are being supplied to Poland by East Germany. The largest of these plants was said to have been installed and should soon be in operation. The January 1956 issue of the

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Polish Przemysl Chemiczny, published in Warsaw, also reported that the USSR was supplying Poland with an electrolysis plant. Each of these plants requires a considerable amount of mercury for the initial installation.

II. Production

Italy, Spain and the USSR, in that order, produce approximately two-thirds of the total world mercury output, estimated to be nearly 200,000 flasks. In 1954 Italy produced 54,477 flasks and Spain 43,400 flasks. It is estimated that the USSR produced about 32,000 flasks during the same year. Other important producers are the U.S., Mexico, Yugoslavia, Japan, and China.

III. Exceptions

Metallic mercury was placed on International List I in August 1954 (IL 1655). At that time Italy was granted an exception not to exceed 160 metric tons (4,641 flasks), in order to fulfill its obligations under existing trade agreements with Soviet Bloc countries. During bilateral discussions between the U.S. and Italy, the Foreign Ministry assured the U.S. that Italian shipments of mercury to Soviet Bloc countries would in all probability be kept at a level appreciably below the quotas written into the outstanding trade agreements. However, Italy stressed that this commitment was conditional on the absorption of the greater part of Italy's production by Western markets.

In 1953 and 1954 the chief buyer of Italian mercury was the U.S. In view of the decline of U.S. purchases in the latter part of 1954 and throughout 1955, the Italians considered themselves absolved from their commitment to keep exports to the Bloc to a minimum and during 1955 exported the full 160 tons established as a maximum by COCOM. The only other prior commitment exception granted by COCOM for mercury shipments to the Bloc was to the U.K. for 32.2 metric tons, of which 27.5 tons (798 flasks) were shipped during 1955.

IV. Prices

There have been no indications during 1955 that the Bloc has paid or has been willing to pay premium prices for this metal. In 1954 prices on the New York market ranged from a low in January of \$187 per flask to an all-time peak of \$329 per flask in October, shortly after mercury was placed on the embargo list. The price remained close to this level until April 1955, when it gradually began to decline and reached a low of \$280 in December 1955.

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Sino-Soviet Bloc Imports and Attempted Procurement of
Metallic Mercury in 1956*

(In flasks of 34.5 kilograms)

Shipments**	8,673
Procurement efforts - interrupted	150
Procurement efforts - outcome undetermined	4,455

*There were no known imports from the Free World by the USSR or China during this period.

**Includes licensed shipments (COCOM exceptions) of 4,641 flasks from Italy and 798 flasks from the U.K.

Note: The above table is based on reports supported by documentary evidence, on-the-spot investigation by U.S. personnel, or information from other reliable sources. The clandestine nature of part of this trade and the limited information available preclude the presentation of accurate total figures. Therefore, this tabulation is not represented to be comprehensive, and should only be regarded as an indication of magnitude.

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